



Congressman

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**OPENING STATEMENT OF
THE HONORABLE JOHN M. MCHUGH
MWR PANEL HEARING ON RESALE SYSTEM**

March 3, 1998

The primary purpose of today's hearing is to receive testimony concerning the Congressional Budget Office study on the military resale system, more commonly known as commissaries and exchanges. The Panel will also hear testimony from Department of Defense, military service, and military association witnesses on the importance of the resale system to the military community, as well as their views of the CBO study.

Even though I would like to concentrate on the CBO study, there are always other issues to address, especially in military resale. The MWR Panel's historical focus has been to protect and enhance the resale benefit, and I have tried to maintain that focus during my chairmanship. Because we are interested in enhancing the benefit, we like to hear and consider new ideas. It seems to me, however, that so many "good ideas" are now at play within the department that service members are becoming concerned about the future of the benefit.

For example, at the Congress' direction, the department is about to study how some exchange functions may be integrated. At the same time, there is talk of establishing a DOD Resale Agency. While these actions are occurring, DECA is seeking to become a Performance Based Organization, the Defense Department is moving management and funding of DECA to the services, and there are ideas floating about for a test of hybrid exchanges and commissaries.

Yes, we want the department to become more business-like. But, we cannot lose sight of the purpose of the benefit when all these new concepts are considered. With all the change in the air, I want one message to be clear. We on the MWR Panel are committed to a stable, long term, resale benefit, whatever tinkering may be done around the edges. The MWR Panel is committed to a defense resale system that supports soldiers and their families wherever they are sent in service to their nation around the globe. After reading your prepared statements, I am heartened that our witnesses share that goal.

For the record, I am concerned with the details of how the management and funding of DECA will work under the devolvement concept. I understand that all services agree that the funding for Fiscal Year 99 is adequate, but my concern is for the long term. First, I understand that initial proposals called for the possibility of making up any DECA funding shortfalls with service non-appropriated funds. I believe that idea has been discarded. I only raise the issue in order to go on record as opposed to the idea of using soldier money to pay for an appropriated fund benefit. Appropriated fund support of MWR activities lags enough in three of the four services. We do not need to open another avenue to divert non-appropriated funds.

My second concern is about the operating detail of the current proposal. From what I can see, this arrangement will be unique among the Defense Agencies. I encourage the second panel of witnesses to explain to the Panel how a joint commissary board will have the authority to draw upon individual service Operating and Maintenance funds. With the severe pressure of real world operations on those funds, I have difficulty imagining a service allowing those funds to be tapped by an outside agency for any purpose.